



May 1, 2019

Sent via email

Subject: HighPoint Operating Corporation Semi-Annual Report
DJ # 90-5-2-1-11484

To Whom It May Concern:

HighPoint Operating Corporation ("HighPoint") is submitting the first Semi-Annual Report due May 1, 2019 per the Consent Decree in the case matter of DJ # 90-5-2-1-11484 ("May 1, 2019 Semi-Annual Report"). The first semi-annual reporting period (which includes the period from July to December 2018) includes applicable requirements of Appendix B, most specifically, Paragraphs 3 and 4 that were completed in accordance with the schedule set forth in Paragraph 9 of the Consent Decree. A summary of the reported information that includes those requirements with a deadline of December 31, 2018 is below.

Development of an Open Loop Modeling Guideline (Appendix B, Paragraph 1)

HighPoint has appended a copy of the updated Open Loop Modeling Guideline reflecting changes in September 2018, November 2018, and February 2019. See Attachment A.

Appendix B, subparagraph 3(b) Open Loop Vapor Control System Field Survey

HighPoint has completed a one-time evaluation of the condition of all PRVs, thief hatches, blowdown valves, mountings, and gaskets at each tank in the Vapor Control System at facilities listed in Appendix A.1. HighPoint maintained records of the completed field surveys and is providing records in spreadsheet form as Attachment B.

After the field surveys were completed HighPoint decided to standardize the PRVs in the field due to anticipated challenges with the DI/PM and Spare Parts programs. As of January 2019, Highpoint utilizes the Morrison Bros. Co. 16 oz rated 3" 2440 PRV throughout all Consent Decree facilities. It is important to note, the field survey spreadsheet provided references other style PRVs that since have been replaced by the Morrison Bros. style PRV described above as of January 2019.

Appendix B, subparagraph 3(c) Open Loop Vapor Control System Engineering Evaluation

Using the field survey and engineering design standard HighPoint has completed a VCS engineering evaluation or shut-in the facility for all facilities listed in Appendix A.1 and a summary can be found in the Certification of Completion Report provided in spreadsheet form attached as Attachment C.

Appendix B, subparagraph 3(d) Open Loop Vapor Control System Modification

HighPoint has completed all necessary modifications based on the Open Loop Engineering Evaluations and a summary can be found in the Certification of Completion Report provided in spreadsheet form attached as Attachment C.

Appendix B, subparagraph 4(a) Open Loop Vapor Control System Initial Verification

HighPoint has conducted IR Camera Inspections at all facilities that underwent design analysis listed in Appendix A.1 that were not shut-in as of December 31, 2018.

Inspections were performed while and immediately after Condensate was being sent to the tank system from all last points of separation equipped with a dump valve. A video record of each IR Camera Inspection is kept on file and a summary of the results can be found in the Certification of Completion Report provided in spreadsheet form as Attachment C.

The Pappenheim 6-62-23 Pad, CD ID# 9BAC, completed an IR camera inspection, including while and immediately after Condensate was being sent to the Tank System from all the last points of separation equipped with a dump valve; however, one of the wells was shut-in during that IR camera inspection. Following work on that well and another well that was subsequently shut-in, on February 5, 2019, once all wells were returned to normal operation, an IR camera verification meeting the requirements of the Consent Decree was performed. HighPoint notes that while it has maintained a video record of the IR camera verification on February 5, 2019, it did not maintain a video record of the IR camera inspection on January 7, 2019.

Appendix B, subparagraph 4(b) Certification of Completion Report

HighPoint is providing the Certification of Completion Report in spreadsheet form as Attachment C.

Section V and Appendix D Environmental Mitigation Project

HighPoint is providing an update for the mitigation project including a summary of activities and costs incurred in spreadsheet form as Attachment D.

HighPoint's May 1, 2019 Semi-Annual Report does not include the following information in light of the limited requirements applicable during the July to December 2018 period. Reporting related to the requirements below will be included, as applicable, in future semi-annual reports.

- **Appendix B, subparagraph 5 Open Loop Vapor Control System Post-Certification of Completion Modifications Appendix C, Subparagraph 2(d) Closed Loop Vapor Control System Modification**
- **Appendix C, subparagraph 3(d) Closed Loop Vapor Control System Alarm and Shut-in Log**
- **Paragraph 10 Directed Inspection and Preventative Maintenance Program**
- **Paragraph 11 Periodic Inspections and Monitoring**

- **Paragraph 12 Reliable Information, Investigation, and Corrective Action**
- **Appendix B, Paragraph 6 Open Loop System Verification of Design Analysis**
- **Paragraph 15 Tank Pressure Monitoring**
- **Section VII State-Only SEPS**

HighPoint submits this May 1, 2019 Semi-Annual Report with the following certification:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Should you have any questions please reach out to the project manager Matt Calhoun at (303) 312-8118 or mcalhoun@hpres.com.

Sincerely,

HighPoint Operating Corporation



Ken Wonstolen
Vice President and General Counsel

CC: Jennifer Biever, Lewis, Bess, Williams & Weese P.C.